Venture Manitoba Tours Ltd.
Falcon Lake Golf Course

Annual Report
2006-2007

For the year ended March 31, 2007

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Vision Statement

To pursue objectives and standards that will improve and sustain the first-class services and self-sufficiency of its business activities.

Mission Statement

To deliver high-quality service and products through premier destination facilities that enhance the shareholder's investment.

Board Members

Bob Sparrow, Chair
Jim Baker, Treasurer
Michael Averbach
Aidan O'Brien
Clif Evans
Sharon Holtz

Administration

Daphne Grier, GM/CEO/Comptroller

Falcon Lake Golf Course Maintenance

Dave Turner, Golf Course Superintendent

Falcon Lake Golf Course Pro Shop

Sandy Kurceba, Director Golf
Jeff Heiland, Assistant Golf Professional
Evelyn Proceviat, Golf Shop Manager

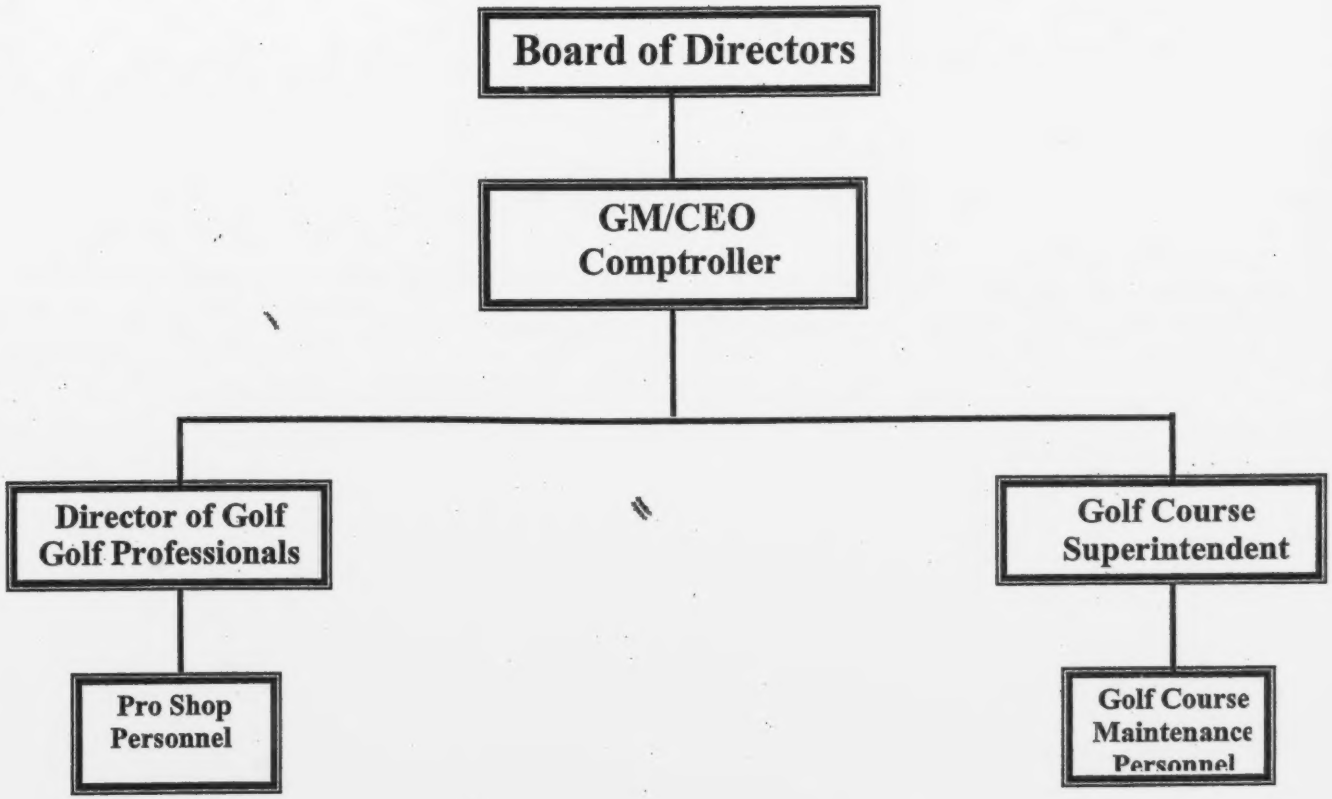
A Message from the Board Chair and the Chief Executive Officer

Venture Manitoba Tours Ltd. had been responsible for the operations of Gull Harbour Resort and Conference Centre, Hecla Golf Course and Falcon Lake Golf Course until the Fall of 2005 at which time the properties located in Hecla namely Gull Harbour Resort and Conference Centre and Hecla Golf Course were transferred by the Province of Manitoba to Paletta and Company Hotels. Subsequently Venture Manitoba Tours Ltd. continues to operate Falcon Lake Golf Course, which includes the Sports Area located in the Whiteshell Provincial Park.

Bob Sparrow
Board Chair

Daphne Grier
GM/CEO/Comptroller

Venture Manitoba Tours Ltd.
Organization Chart



Falcon Lake Golf Course

Falcon Lake Golf Course is located in the pristine forests of Whiteshell Provincial Park, it has been a chosen destination for almost 50 years, attracting golfers, vacationers/tourists and local cottage owners alike. Designed by the world-renowned architect, Norman Woods, the Falcon Lake Golf Course features playing lengths 5,900 to 7,000 yards. Golfers can take advantage of the driving range, practice green, complimentary bag-drop, course hosts and tee-to-green cart paths, combined with a well-stocked Pro-Shop, Falcon Lake offers many services to make for a memorable and enjoyable game of golf. As well, a sports and recreation area, in close proximity to the course, offers tennis courts, lawn bowling and an 18-hole miniature golf course that compliments and extends recreational activities in the great outdoors.

The Falcon Lake Golf Course and Sports Area operates on a seasonal basis. In early March of each year the Superintendent and Course Mechanic are the first to return to the course maintenance yard to begin preparing for the upcoming season later followed progressively by the other eleven course maintenance workers. The Director of Golf, Assistant Golf Professional, Golf Shop Manager return to the Pro Shop in mid to late April dependant on the weather conditions to receive and set up the incoming merchandise and promote/organize tournament bookings for the season. The staffing for the Pro Shop increases when the course opens and is at its height through July and August as they are the busiest months of the golf season.

Capital Program

The 2006/07 capital programs were financed by means of internally generated cash from operations. Although all the paving projects identified in the 2006/07 Capital Budget were deferred indefinitely, the budgeted equipment that was not purchased in 2006/07 was deferred to the 2007/08 Capital Budget. The tennis courts in the Sports Area at Falcon Lake due to deteriorating conditions will be identified for upgrading in 2007/08 Capital Budget.

Sustainable Development

In July 2003 Venture Manitoba Tours Ltd. outlined their strategic direction with the following Sustainable Development Procurement Goals i.e.: Education, Training, and Awareness; Pollution Prevention/Human Health; Resources Conservation. At that time it was stated that some goals were achievable over the long term, dependant on funds available for capital.

Although since the initial adoption date there had been a change in operations the goals remain relevant to the present operations of the corporation.

Education, Training, and Awareness

- *Promote knowledge and awareness of environmentally preferred product availability.*

Pollution Prevention/Human Health

- *Reduction of waste by means of recycling program throughout facilities and operations.*
- *Minimizing adverse environmental effects and impacts on human health by such means as the used oil storage container and established environmentally sensitive areas for wildlife, birds.*

Resources Conservation

- *Reduction of energy consumption by means of seasonal shutdown of building.*

Annual Rounds Comparison (thousands)

2004/05	24
2005/06	26
2006/07	29

Annual Rounds Revenue (thousands)

2004/05	$673
2005/06	$724
2006/07	$862

Departmental/Operational Expenses
2006/07 Percentage of Cost

Administration	15%
Pro Shop/Maintenance	83%
Staff Housing	1%
Insurance	1%

MAGNUS & BUFFIE

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Directors of
Venture Manitoba Tours Ltd.

We have audited the balance sheet of Venture Manitoba Tours Ltd. as at March 31, 2007 and the statements of operations and deficit and cash flow for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2007 and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Magnus & Buffie

May 14, 2007

CHARTERED ACCOUNTANTS

1810 - 444 St. Mary Avenue · Winnipeg, Manitoba · R3C 3T1 · Phone (204) 942-4441 · Fax (204) 944-0400

VENTURE MANITOBA TOURS LTD.

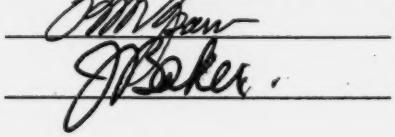
FINANCIAL STATEMENTS

MARCH 31, 2007

VENTURE MANITOBA TOURS LTD.
BALANCE SHEET
MARCH 31, 2007

	2007	2006
ASSETS		
CURRENT ASSETS		
Cash	$ 83,030	$ -
Accounts receivable	2,403	11,445
Inventories	36,710	36,366
Prepaid expenses	5,950	6,840
	128,093	54,651
PROPERTY AND EQUIPMENT (Note 4)	636,486	1,165,125
	$ 764,579	$ 1,219,776
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness	$ -	$ 43,719
Accounts payable and accrued liabilities	927,442	954,628
Advance deposits	21,058	21,226
Current portion of long term debt (Note 5)	-	8,662
Current portion of capital lease obligation	-	162,000
Advances from the Province of Manitoba, repayable on demand	250,000	250,000
	1,198,500	1,440,235
LONG TERM DEBT (Note 5)	-	-
CAPITAL LEASE OBLIGATION	-	334,302
	1,198,500	1,774,537
SHAREHOLDERS' DEFICIT		
CAPITAL STOCK (Note 6)	3,643,500	3,643,500
CONTRIBUTED SURPLUS	257,910	257,910
(DEFICIT)	(4,335,331)	(4,456,171)
	(433,921)	(554,761)
Basis of presentation (Note 2)		
Commitments (Note 7)		
	$ 764,579	$ 1,219,776

APPROVED ON BEHALF OF THE BOARD:



Director

Director

VENTURE MANITOBA TOURS LTD.
STATEMENT OF OPERATIONS AND DEFICIT
FOR THE YEAR ENDED MARCH 31, 2007

	2007	2006
SALES	$ 1,352,091	$ 1,106,316
COST OF SALES	942,751	789,126
CONTRIBUTION MARGIN	409,340	317,190
OPERATING EXPENSES (Schedule A)	198,614	120,348
INCOME BEFORE THE FOLLOWING	210,726	196,842
OTHER (EXPENSE) INCOME		
Amortization	(114,209)	(198,095)
Interest	(655)	(65,906)
Gain on disposal of property and equipment	24,978	13,350
	(89,886)	(250,651)
NET INCOME (LOSS) BEFORE THE FOLLOWING	120,840	(53,809)
NET (LOSS) FROM DISCONTINUED OPERATIONS (Schedule B)	-	(5,315,686)
GAIN ON SETTLEMENT OF BANK LOAN BY GUARANTOR	-	10,067,889
NET INCOME FOR THE YEAR	120,840	4,698,394
(DEFICIT), beginning of year	(4,456,171)	(9,154,565)
(DEFICIT), end of year	$(4,335,331)	$(4,456,171)

VENTURE MANITOBA TOURS LTD.
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2007

	2007	2006
CASH FLOW FROM (USED IN)		
OPERATING ACTIVITIES		
Cash receipts from customers	$ 1,360,965	$ 3,481,682
Cash paid to suppliers and employees	(1,168,005)	(3,478,102)
Interest paid	(655)	(477,590)
	192,305	(474,010)
FINANCING ACTIVITIES		
Additional bank borrowings	-	817,889
Repayment of long term debt	(8,662)	(18,396)
Repayment of capital lease obligation	-	(158,187)
	(8,662)	641,306
INVESTING ACTIVITIES		
Purchases of property and equipment	(81,394)	(280,542)
Proceeds on disposal of property and equipment	24,500	74,950
	(56,894)	(205,592)
CHANGE IN CASH	126,749	(38,296)
(BANK INDEBTEDNESS), beginning of year	(43,719)	(5,423)
CASH (BANK INDEBTEDNESS), end of year	$ 83,030	$ (43,719)

VENTURE MANITOBA TOURS LTD.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

1. ORGANIZATION

The company is incorporated under the Manitoba Corporations Act. The issued shares are owned by the Province of Manitoba.

The Province of Manitoba owned Hecla Golf Course and the Gull Harbour Resort and Conference Centre (collectively the "Hecla Resort"). The company operated these facilities under lease agreements with the Province which were terminated on November 1, 2005. These facilities are situated in the Hecla Provincial Park.

The Province of Manitoba owns the Falcon Lake Golf Course and Games Area. The company operates this facility under a lease agreement with the Province of Manitoba. The company is responsible for the operating costs of the golf course and games area and, in return, is authorized to realize the revenue generated by their operations. These facilities are situated in the Whiteshell Provincial Park and are not subject to realty taxes.

The company is not subject to income tax.

2. BASIS OF PRESENTATION

These financial statements have been prepared using the assumption that the company will continue operating as a going concern. As the company has incurred substantial losses resulting in a significant deficit and working capital deficiency, the ability of the company to continue operating as a going concern is dependent on continued financial support from the Province of Manitoba. Should the Province not continue to provide financial support, the company may not be able to continue operating as a going concern and the net realizable value of the assets may be substantially less than their carrying values.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies.

(a) Inventories

Inventories are valued at the lower of cost (based on the first-in, first-out method) and net realizable value.

(b) Property and equipment

Property and equipment are recorded at cost less applied grant funds and are amortized over their estimated useful lives based on the straight-line method as follows:

Staff quarters	10 to 25 years
Golf course improvements	10 to 40 years
Computer equipment	3 years
Vehicles	3 years
Equipment under capital lease	5 years

These financial statements do not include the property and equipment of the Falcon Lake Golf Course and Games Area which are owned by the Province of Manitoba.

(c) Non-monetary transactions

Non-monetary exchanges of services are recorded at the fair market value of the services provided or received.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Revenue recognition

The company recognizes revenue when the goods are received by the customer and the services are provided.

(e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value 2007	Net Book Value 2006
Staff quarters	$ 102,395	$ 40,938	$ 61,457	$ 65,553
Golf course improvements	554,833	108,172	446,661	446,654
Computer equipment	59,225	59,225	-	-
Vehicles	820,641	692,273	128,368	157,094
Equipment under capital lease	-	-	-	495,824
	$ 1,537,094	$ 900,608	$ 636,486	$ 1,165,125

5. LONG TERM DEBT

Loan payable, GMAC - repayable in monthly installments of $866, non-interest bearing, due January 2007, secured by specified equipment	$ -	$ 8,662
Less: Current portion	-	8,662
	$ -	$ -

6. CAPITAL STOCK

Authorized
Unlimited Common shares

	2007	2006
Issued		
3,643,500 Common shares	$ 3,643,500	$ 3,643,500

7. COMMITMENTS

(a) The company operates the Falcon Lake Golf Course and Games Area under lease agreements with the Province of Manitoba. During the year lease payments of $109,455 (2006 - $124,013) required under the leases were not made to the Province of Manitoba. The balance of accounts payable at year end includes $870,272 (2006 - $760,817) in unpaid amounts relating to the lease agreements with the Province.

(b) The company rents space and equipment under various operating leases which expire through 2009.

The future minimum lease payments required under these operating leases for the remaining lease terms are approximately as follows:

Year	Amount
2008	$ 95,900
2009	87,100
	$ 183,000

8. GOVERNMENT REPORTING ENTITY - RELATED PARTIES

The following information is presented in accordance with a request by the Minister of Finance of The Government of the Province of Manitoba.

As at March 31, 2007, the company had the following balances with entities in the Government Reporting Entity:

	2007	2006
Payable to:		
Manitoba Hydro	$ 1,808	$ 1,100
Department of Conservation	870,272	760,817
	$ 872,080	$ 761,917

9. FINANCIAL INSTRUMENTS

Cash, accounts receivable, accounts payable and accrued liabilities and advance deposits approximate their fair value due to their short term nature. The fair value of advances from the Province of Manitoba cannot be determined due to the underlying repayment terms and the lack of a secondary market.

Unless otherwise stated, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

VENTURE MANITOBA TOURS LTD. **SCHEDULE A**

SCHEDULE OF OPERATING EXPENSES

FOR THE YEAR ENDED MARCH 31, 2007

	2007	2006
Advertising	$ -	$ 3,515
Automobile	7,143	1,554
Credit card discount	14,520	5,632
Directors' fees	16,257	3,592
Equipment rentals	6,741	2,614
Insurance and leases	9,853	8,567
Membership fees	4,040	779
Miscellaneous	1,856	33
Printing and stationery	847	552
Professional fees	36,041	11,983
Repairs and maintenance	10,422	4,456
Sales office rent	5,068	952
Staff training and meals	10,097	5,809
Telephone and postage	3,742	2,091
Transportation	4,248	2,851
Utilities	5,514	4,270
Wages and benefits	62,225	61,098
	$ 198,614	$ 120,348

VENTURE MANITOBA TOURS LTD. **SCHEDULE B**

SCHEDULE OF DISCONTINUED OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2007

	2007	2006
SALES	$ -	$ 2,418,440
COST OF SALES	-	1,714,648
CONTRIBUTION MARGIN	-	703,792
OPERATING EXPENSES		
Advertising	-	19,916
Amortization	-	313,114
Automobile	-	16,149
Consulting fees	-	200,000
Credit card discount	-	31,913
Directors' fees	-	20,355
Equipment rentals	-	14,811
Equipment and supplies	-	5,435
Loss on disposal of property and equipment	-	4,074,309
Insurance and leases	-	58,462
Interest on bank loan	-	411,684
Membership fees	-	4,415
Miscellaneous	-	189
Printing and stationery	-	3,131
Professional fees	-	67,906
Repairs and maintenance	-	12,344
Sales office rent	-	5,396
Staff training and meals	-	39,281
Telephone and postage	-	11,992
Transportation	-	43,926
Utilities	-	119,912
Wages and benefits	-	411,678
	-	5,886,318
NET LOSS BEFORE THE FOLLOWING	-	(5,182,526)
LOSS ON TERMINATION OF GOLF CART LEASE	-	(133,160)
NET LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS	$ -	$(5,315,686)